

**FALLS CHURCH CITY PUBLIC SCHOOLS
SCHOOL ACTIVITY FUNDS**

CASH BASIS FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

FALLS CHURCH CITY PUBLIC SCHOOLS SCHOOL ACTIVITY FUNDS

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Independent Auditors' Report

To the Falls Church City School Board
City of Falls Church, Virginia

We have audited the accompanying summary and individual school statements of cash receipts, disbursements, transfers and balances arising from cash transactions of Falls Church City Public School Activity Funds for the year ended June 30, 2009. These financial statements are the responsibility of the Falls Church Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the summary and individual school financial statements referred to above present fairly, in all material respects, the cash receipts, disbursements and balances arising from cash transactions of the Falls Church City Public School Activity Funds for the year ended June 30, 2009, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009 on our consideration of the Falls Church City Public School Activity Funds' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Cherry, Bekaert & Holland, LLP

Vienna, Virginia
November 30, 2009



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit Performed in Accordance with
*Government Auditing Standards***

To the Falls Church City School Board
City of Falls Church, Virginia

We have audited the summary and individual school statements of cash receipts, disbursements and balances of the Falls Church City Public School Activity Funds (the "Schools") for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Schools' financial statements that is more than inconsequential will not be prevented or detected by the Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Schools' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion

on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the Falls Church City Public School Activity Funds in separate letters dated November 6, 2009.

This report is intended for the information of the School Board, Superintendent of Schools, Principals and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, LLP

Vienna, Virginia
November 30, 2009

Falls Church City Public Schools
Summary Statement of Cash Receipts, Disbursements, Transfers, and Balances
Year Ended June 30, 2009

Schools	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers In	Out	Balances at June 30, 2009
Mount Daniel Elementary	\$ 21,972	\$ 29,243	\$ 25,152	\$ 475	\$ 475	\$ 26,063
Thomas Jefferson Elementary	17,116	32,977	32,977	27	27	17,116
Mary Ellen Henderson Middle	23,926	100,085	93,715	6,812	6,812	30,296
George Mason High	212,537	388,588	371,929	90,300	90,300	229,196
Total	<u>\$ 275,551</u>	<u>\$ 550,893</u>	<u>\$ 523,773</u>	<u>\$ 97,614</u>	<u>\$ 97,614</u>	<u>\$ 302,671</u>

See accompanying notes to financial statements.

**Falls Church City Public Schools
Mount Daniel Elementary School
Statement of Cash Receipts, Disbursements, Transfers and Balances
Year Ended June 30, 2009**

Activity funds	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers In	Out	Balances at June 30, 2009
Checking Interest	\$ 699	\$ 190	\$ -	\$ -	\$ -	\$ 889
ESOL Grant	305	-	109	-	-	196
Falls Church Education Fund	2	-	-	-	-	2
FCCPS Family Assistance	2,069	1,032	1,521	-	-	1,580
First Grade	3,959	3,521	3,453	-	-	4,027
General	2,704	3,498	2,513	-	475	3,214
Ghana Project Fund	-	285	285	-	-	-
Imprest	1,000	4,819	5,166	-	-	653
Kindergarten Fund	3,117	5,029	5,039	-	-	3,107
Library	1,578	2,129	394	-	-	3,313
Music Fund	222	625	383	-	-	464
Outdoor Classroom	-	2,000	-	-	-	2,000
Playground Money Market	1,399	155	-	-	-	1,554
Pre-School Fund	223	560	659	-	-	124
Principal's Fund	1,060	300	20	-	-	1,340
PTA Curriculum Enhancement	12	2,000	1,995	-	-	17
PTA Fundraising	2,127	-	-	-	-	2,127
Reading Incentive Program	3	-	-	-	-	3
Savings Fund/Int	5	-	-	-	-	5
Social Committee Fund	178	2,754	3,209	475	-	198
Toybox	609	346	406	-	-	549
Washington Post Grant	701	-	-	-	-	701
Total	\$ 21,972	\$ 29,243	\$ 25,152	\$ 475	\$ 475	\$ 26,063

See accompanying notes to financial statements.

**Falls Church City Public Schools
Thomas Jefferson Elementary School
Statement of Cash Receipts, Disbursements, Transfers and Balances
Year Ended June 30, 2009**

Activity funds	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers		Balances at June 30, 2009
				In	Out	
2nd Grade Funds	\$ -	\$ 2,259	\$ 2,242	\$ -	\$ -	\$ 17
3rd Grade Funds	-	1,265	1,205	-	-	60
4th Grade Funds	-	2,079	2,045	-	-	34
FC Education Foundation	2,214	-	477	-	-	1,737
General	669	6,716	5,743	-	-	1,642
Grants	-	390	-	-	-	390
Imprest	356	1,484	840	-	-	1,000
Interest	66	-	23	-	-	43
Jamestown Fieldtrip	695	6,189	6,293	-	-	591
John Lund Memorial Fund	399	-	372	-	27	-
Library/Book Fair	939	4,183	2,461	27	-	2,688
Library/Lost Books	-	45	-	-	-	45
Miscellaneous Grants	4,379	-	3,274	-	-	1,105
Outdoor Classroom	793	-	125	-	-	668
Principal's Fund (PTA)	182	300	444	-	-	38
PTA	14	-	-	-	-	14
PTA (Curriculum)	3,873	2,101	3,129	-	-	2,845
School Pictures	642	4,165	2,436	-	-	2,371
School Store	176	918	465	-	-	629
Technology	1,383	400	901	-	-	882
Vending Machines	336	483	502	-	-	317
	<u>\$ 17,116</u>	<u>\$ 32,977</u>	<u>\$ 32,977</u>	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 17,116</u>

See accompanying notes to financial statements.

**Falls Church City Public Schools
Mary Ellen Henderson Middle School
Statement of Cash Receipts, Disbursements, Transfers and Balances
Year Ended June 30, 2009**

Activity funds	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers In	Out	Balances at June 30, 2009
Academic Activity	\$ 426	\$ 625	\$ 97	\$ -	\$ -	\$ 954
Administrative	3,899	4,347	5,558	56	48	2,696
Clearing	-	630	630	-	-	-
Dishonored Checks	-	40	40	-	-	-
Encore	968	1,005	716	187	354	1,090
Fee Cards	762	-	-	-	762	-
Field Trips	2,813	44,219	42,022	253	5,262	1
District X Chorus	-	4,597	4,574	164	187	-
Grants	1,403	-	59	6,024	-	7,368
Husky Humanitarians	-	318	-	-	-	318
Imprest	214	2,453	1,616	48	-	1,099
Interest Checking	56	-	-	-	56	-
Library	848	4,673	5,208	40	40	313
PE Skate	1,724	4,131	3,510	-	63	2,282
Physical Education	2,909	6,457	7,126	-	-	2,240
School Store	543	2,708	2,370	-	-	881
Student Council	1	1,180	929	-	-	252
Teacher Hospitality	311	950	486	-	-	775
Textbook - Lost & Damaged	2,726	143	25	-	-	2,844
Theater Extravaganza	2,683	9,257	6,007	-	-	5,933
Yearbook	1,640	12,352	12,742	40	40	1,250
Total	\$ 23,926	\$ 100,085	\$ 93,715	\$ 6,812	\$ 6,812	\$ 30,296

See accompanying notes to financial statements.

**Falls Church City Public Schools
George Mason High School
Statement of Cash Receipts, Disbursements, Transfers and Balances
Year Ended June 30, 2009**

Activity funds	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers In	Out	Balances at June 30, 2009
9 Muses	\$ 3,655	\$ 108	\$ 1,638	\$ 1,950	\$ 10	\$ 4,065
Abigail Burroughs Fund	14	-	-	-	-	14
Adam Jarrett Memorial Fund	702	299	-	-	-	1,001
Administrative - High School	1,046	2,393	2,364	340	340	1,075
Aids Awareness Committee	354	-	-	-	-	354
Art Club	55	-	-	-	55	-
Athletics	33,076	89,662	81,697	-	-	41,041
Band	68	64	-	-	-	132
BE the Change Club	410	981	220	34	-	1,205
Cadre	34	-	-	-	34	-
Cheerleading	356	-	-	-	-	356
Chorus	3	785	698	55	-	145
Class of 2006	2,523	-	-	-	2,523	-
Class of 2007	6,141	-	-	-	6,141	-
Class of 2008	1,307	-	-	-	1,307	-
Class of 2009	8,857	13,890	20,233	1,307	105	3,716
Class of 2010	128	17,633	10,084	5,400	5,485	7,592
Class of 2011	550	2,776	3,144	-	-	182
Class of 2012	144	151	-	-	-	295
Class of 2013	-	67	-	241	-	308
Cricket Club	7	-	-	-	-	7
Crossroads	855	-	-	-	855	-
Dana Wood Scholarship	2,075	800	1,000	-	-	1,875
Dance Team	64	96	80	-	-	80
Dishonored Checks	-	310	630	320	-	-
Diversity AFF ED Fund	624	-	-	-	-	624
Drama Club	7,415	7,435	8,060	43	-	6,833
Ecology Club	657	1,002	1,269	-	-	390
Energy Boosters	288	2,625	1,637	-	-	1,276
Exchange Trips - Toulouse	1,788	-	-	-	27	1,761
Exchange Trips - Chile	4,087	43,618	42,287	-	-	5,418
Exchange Trip - China	-	18,779	18,779	-	-	-
FBLA	118	-	-	-	-	118
Fee Cards HS	-	53,949	-	16	53,965	-
Fellowship Christian	-	40	40	-	-	-
Field Trips HS	-	7,080	7,101	59	-	38
Foreign Language Activity	968	678	1,124	401	-	923
Franklin Day Scholarship	75	-	-	-	-	75
A93Future Educators of America	65	60	142	50	-	33
Gay Straight Alliance	597	511	348	-	-	760
GM MU Alpha Theta	-	30	45	15	-	-
GMHS IB Fund	84	2,866	1,886	-	-	1,064
GMHS Relief Fund	742	1,242	253	2,623	-	4,354
GM Students Abroad Funds	880	-	-	-	-	880
Guidance	4,761	668	431	-	-	4,998
Harold Memorial Fund	150	-	-	-	-	150
Hemlock Overlook Field Trip	-	2,675	5,600	5,405	2,465	15
Hoover Prize	430	140	570	-	-	-
HS Grants	8,998	5,931	3,255	1,326	500	12,500
Imprest Account	44	2,122	1,651	340	356	499

See accompanying notes to financial statements.

**Falls Church City Public Schools
George Mason High School
Statement of Cash Receipts, Disbursements, Transfers and Balances
Year Ended June 30, 2009**

Activity funds	Balances at July 1, 2008	Cash Receipts	Cash Disbursements	Transfers In	Out	Balances at June 30, 2009
Inclusion	\$ 471	\$ -	\$ -	\$ -	\$ 471	\$ -
Interest Accrued	2,115	446	-	-	-	2,561
Interest - NOW Checking	218	-	-	-	-	218
International Club	413	829	782	-	-	460
It's Academic	669	-	-	-	-	669
John Karnis Award	-	500	500	-	-	-
Key Club	223	-	-	-	223	-
Language Tests	401	-	-	-	401	-
Lasso-Newspaper	-	66	-	-	-	66
Library	1,168	1,968	2,308	5	-	833
Lights & Equipment Maintenance	43	-	-	-	43	-
Maria E. Nudell Memorial	17,439	2,125	2,000	-	-	17,564
Math Honor Society	97	-	-	-	97	-
Model United Nations	7,807	11,754	15,091	-	-	4,470
Mustang Ambassadors	447	722	308	-	341	520
National Honor Society	716	1,012	1,058	223	-	893
Nora's Garden Fund	-	-	-	500	-	500
Parking Fees	1,251	9,251	2,633	-	170	7,699
PE Skate	15	-	-	-	-	15
Physical Education	6,595	842	8,357	9,165	-	8,245
Pingpong Club	200	-	-	-	-	200
Printing	15,723	12,329	12,467	2,190	2,190	15,585
R G Frasure Memorial Fund	518	-	-	-	-	518
Rocketry Club	-	105	105	105	105	-
Robotics	3,277	6,780	8,723	96	-	1,430
SADD	593	200	-	-	-	793
Scholarships - General	1,213	5,500	5,500	1,000	-	2,213
Society of Gentleman Scholarship	-	1,000	-	-	1,000	-
Spanish Honor Society	24	45	45	-	-	24
Student Activities	12,706	1,735	4,637	8,565	10,011	8,358
Student Council - High School	25	10,758	10,756	1,605	950	682
Sunshine Fund	2,452	4,843	5,623	-	-	1,672
Swim Club	5,237	-	-	-	-	5,237
Tatum Memorial Fund	176	-	-	-	-	176
Textbook - Lost & Damaged	13,240	4,690	3,838	70	5	14,157
The Unsung Hero	2,400	-	500	6,141	-	8,041
Vending - Lance/Coke Machine	102	-	-	-	-	102
Vicki Galliher Scholarship	-	5,000	1,000	-	-	4,000
Year-End Staff Party	290	2,271	2,248	-	-	313
Yearbook - High School	19,078	22,351	67,184	40,710	125	14,830
Total	\$ 212,537	\$ 388,588	\$ 371,929	\$ 90,300	\$ 90,300	\$ 229,196

See accompanying notes to financial statements.

City of Falls Church School Activity Funds
Notes to Financial Statements
Year Ended June 30, 2009

Note 1- Significant Accounting Policy

The activity funds represent certain activities under the control of schools' management. The accounts are maintained, and this statement is presented, on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accounts receivable, accounts payable and inventory as of the beginning and end of the year, which may be material in amount, are not reflected, and the statement is not intended to present the Falls Church City Public Schools' overall financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

At June 30, 2009, accounts receivable and accounts payable by school were as follows:

<u>School</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>
George Mason High School	\$ 9,869	\$ -

At June 30, 2009, inventory by school was as follows:

<u>School</u>	<u>Inventory</u>
Mary Ellen Henderson Middle School	\$ 3,829
Thomas Jefferson	1,860

Note 2 – Public Depositories

Except as noted below, cash held by the Activity Funds is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2 – 4400 of the Code of Virginia, or covered by federal depository insurance.

A portion of the cash held by the Activity Funds is not maintained in qualified depositories; hence it is not collateralized in accordance with the Virginia Security of Public Deposits Act. In October and November 2008, the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. At June 30, 2009, there were no uninsured deposits.



To the Falls Church City School Board
Falls Church, Virginia

Dear Members:

In planning and performing our audit of the summary and individual school statements of cash receipts, disbursements and balances of the Falls Church City Public School Activity Funds (the "Schools") for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Schools' internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Schools' financial statements that is more than inconsequential will not be prevented or detected by the Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Schools' internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit we became aware of several matters that are opportunities for strengthening the system of internal control and improving operating efficiency. The following comments are related procedural matters which can be implemented by Schools' staff. We have discussed these comments and suggestions with Schools' personnel, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the use of the School Board and is not intended to be and should not be used by anyone other than the specified parties.

Cherry Bekaert & Holland, LLP

Vienna, Virginia
November 30, 2009

Attachment

MANAGEMENT LETTER COMMENTS

The following comments pertain to the schools individually:

Mount Daniel Elementary

Cash Receipts

On our test of cash receipts, we noted there was one instance where activity fund was not submitted to the office daily. Teachers should submit activity funds to the financial secretary on a daily basis and placed them in the safe until being deposited. To decrease the likelihood of misappropriation, we recommend that all deposits be made within three business days.

Cash disbursement

During our testing of cash disbursements, we noted three instances in which disbursements did not have adequate supporting documentation. We recommend that all disbursement have proper supporting documentation prior to the issuance of a check.

Thomas Jefferson Elementary

Cash Receipts

On our test of cash receipts, we noted two instances where money was not deposited within three business days after being remitted to the school. Also, we noted there are several instances where activity funds were not submitted to the office every day. Teachers should submit activity funds to the financial secretary on a daily basis and place them in the safe until they are deposited. To decrease the likelihood of misappropriation, we recommend that all deposits be made within three business days

Cash disbursement

On our test of cash disbursement, we noted two instances where invoices were not properly approved. In order to strengthen the controls over the disbursement process and mitigate the possibility of unauthorized disbursements, we recommend all check requests not be processed until the invoice has been properly approved.

Mary Ellen Henderson Middle School

Cash receipts

On our test of cash receipts, we noted there were several instances where activity funds were not submitted to the office daily and teachers may be keeping these funds in their classroom overnight. Teachers should submit activity funds to the financial secretary on a daily basis and place them in the safe until being deposited. To decrease the likelihood of misappropriation, we recommend that all deposits be made within three business days.

During our testing of cash receipts, it was noted that there were several instances where receipt copies from school receipt books were not available. In order to monitor that all receipt supporting documentation is available, we recommend that all receipts and deposit slips be attached to each "Official Receipt" report generated from the account system.

During our testing of cash receipts, we noted one instance where supporting teacher receipts did not agree to the total bank deposit made that day. In order to ensure that all funds are properly accounted for, we recommend that the financial secretary add up all receipts given to her to ensure that they match the daily deposit made to the bank.

Cash disbursement

During our testing of cash disbursements, we noted three instances in which disbursements did not have adequate supporting documentation. We recommend that all disbursement have proper supporting documentation prior to issue check.

On our testing of cash disbursement, there was one instance where the principal did not approve the check requisition. We recommend that principal sign the check requisition prior to approval.

During our testing of cash disbursements, we noted that canceled checks or check images from BB&T were not available for us to review. We cannot determine whether the check was signed by the authorized check signer. We recommend that all check images or canceled checks be maintained to ensure that adequate documentation of transactions is available to internal or external parties.

Ticket Sales

During our test of ticket sales, it was noted that the school does not keep detailed records of activity ticket sales. For activity tickets sales the school should begin to use paper tickets. The beginning and ending numbers of the ticket should be recorded and turned in with the money on a daily basis to the financial secretary. This will help to monitor how many tickets were sold and how much money should have been turned into the financial secretary.

Transfers

After reviewing the inter-fund transfers, we noted that there were three instances where a transfer authorization voucher and one instance where an adjustment authorization voucher were not attached to the supporting documentation. Also, we noted that there was one instance that bookkeeper did not sign on transfer authorization form. We recommend that an authorization form be attached to all transfers to ensure that funds are being transferred and authorized to the appropriate funds.

George Mason High School

Cash receipts

Our test of cash receipts revealed one instance where money was not deposited within three business days after being remitted to the school. Also, we noted there were several instances where activity funds were not submitted to the office everyday. Teachers should submit activity funds to the financial secretary on a daily basis and place them in the safe until being deposited. To decrease the likelihood of misappropriation, we recommend that all deposits be made within three business days.

Transfer

During our testing on transfer, we noted one instance where the transfer request form was not properly approved. We recommend that the school follow policy to avoid any possible risk of misappropriation.



To the City of Falls Church School Board
Falls Church, Virginia

Dear Members:

We have audited the summary and individual school statements of cash receipts, disbursements, and balances of the Falls Church Public Schools – School Activity Funds (the “Activity Funds”) for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. As required by auditing standards generally accepted in the United States of America (GAAS), we are providing you with the information shown below relative to the conduct of our audit. This report is intended solely for the use of the School Board, Superintendent of Schools, principals, and others within administration and is not intended to be and should not be used by anyone other than these specified parties.

OUR RESPONSIBILITIES UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether summary statement of cash receipts, disbursements, and balances of the Activity Funds prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Activity Funds. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of City of Falls Church-School Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

INDEPENDENCE

We are familiar with Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings. As far as the Activity Funds are concerned, our firm has been, for the period covered by the financial statements under report and thereafter to date, in fact independent as contemplated by such Rule.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. Note 1 to the summary statement of cash receipts, disbursements, and balances of the Activity Funds contains a summary of significant accounting policies. During the year

ended June 30, 2009 no new significant accounting policies were adopted and the application of existing policies was not changed. We noted no transactions entered into by the Activity Funds during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or any significant transactions for which there is a lack of authoritative guidance or consensus.

AUDIT ADJUSTMENTS OR DIFFERENCES

There were no financial statement misstatements aggregated during our audit of the Activity Funds' financial statements for the period ended June 30, 2009 that were not corrected by management; nor were any adjustments proposed by us that could, in our judgment, either individually or in the aggregate, have a significant effect on the Activity Funds' financial reporting process.

OTHER MATTERS

We encountered no significant difficulties in dealing with management in performing and completing our audit, nor were there any significant disagreements.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated November 6, 2009.

Cherry, Bekaert & Holland, LLP

Vienna, Virginia
November 30, 2009